

Bad to great:

The path to scaling up excellence

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Before senior executives try to spread best practices, they should use seven techniques to clear out the negative behavior that stands in the way.

The problem

Destructive behavior—selfishness, nastiness, fear, laziness, dishonesty—packs a far bigger wallop than constructive behavior. In particular, research has found that negative interactions with bosses and coworkers have five times more impact than positive ones.

Why it matters

When bad behavior crowds out good, it results in confusion, destructive conflict, distrust, and dead ends that can undermine the scaling of excellence—one of the toughest challenges senior leaders face.

What to do about it

To spread and sustain the good, you must first remove the bad. Seven proven methods can help leaders do so: nipping bad behavior fast; putting mundane improvements before inspirational ones; seeking adequacy before excellence; using well-respected staff to squelch bad behavior; killing the thrill destructive behavior generates; time-shifting from current to future selves; and focusing on the best times, the worst times, and the end.

Leaders who aim to boost organizational performance often start with efforts to kindle good behavior, however they define it. Yet case studies and rigorous academic research show that if you want to create and spread excellence, eliminating the negative is the first order of business. Destructive behavior—selfishness, nastiness, fear, laziness, dishonesty—packs a far bigger wallop than constructive behavior. Organizational researcher Andrew Miner and colleagues, for example, measured the moods of 41 employees at random intervals throughout the workday. The researchers discovered that negative interactions with bosses and coworkers had five times more impact on employees' moods than positive interactions.¹ This “bad is stronger than good” effect holds in nearly every other setting studied, from romantic relationships to group effectiveness.

Efforts to scale up excellence stall when bad behavior crowds out good. Scaling is one of the toughest challenges that senior leaders face. Executives can always point to places where a company is doing a great job. What drives them, keeps them up at night, and devours their workdays is the difficulty of spreading excellence to *more* people and *more* places. This “problem of more” is tough to crack. Scaling requires pressing each person, team, group, division, or organization to change what they believe, feel, or do.

Eliminating destructive behavior and beliefs clears the way for excellence to spread—particularly when these impediments clash with the mind-set that propels your organization's performance. When it comes to mind-sets, however, one size does not fit all; what is good for another company may be bad for yours. At Facebook, everyone from senior executives to new engineers lives the mantra “move fast and break things.” When we asked an executive at one company if its people lived this mind-set, he answered that “move fast and break things” was wrong for many of its businesses, especially the unit that builds software for nuclear submarines!

Negative actions and beliefs also come in different flavors. Whatever their exact characteristics, bad behavior undermines scaling efforts by introducing confusion, destructive conflict, distrust, and dead ends. To spread and sustain something good, you've first got

¹Theresa M. Glomb, Charles Hulin, and Andrew G. Miner, “Experience sampling mood and its correlates at work,” *Journal of Occupational and Organizational Psychology*, 2005, Volume 78, Number 2, pp. 171–93.

to take out the bad. Seven methods can help leaders who are bent on “breaking bad.”

1. Nip it in the bud

In 1982, criminologist George L. Kelling and political scientist James Q. Wilson described what they called the “broken windows” theory: they observed that in neighborhoods where one broken window was left unrepaired, the remaining windows would soon be broken, too. Allowing even a bit of bad to persist suggests that no one is watching, no one cares, and no one will stop others from doing far worse things.² The theory soon had a big impact on public policy, particularly in New York, where crime plummeted after efforts were made to stamp out minor offenses such as graffiti and panhandling.

Much research supports this theory. Charles O’Reilly and Barton Weitz, for example, studied 141 supervisors in a large retail chain. They focused on how supervisors handled salespeople who were tardy, unhelpful, uncooperative, discourteous to customers, or unproductive. O’Reilly and Weitz found that supervisors of the most productive units confronted problems more directly and quickly, issued more warnings, used formal punishments more often, and promptly fired employees when warnings failed.³

This isn’t an argument for striking fear among employees. The best bosses nip bad behavior in the bud but treat people with dignity. Mauria Finley is CEO of the start-up Citrus Lane, which sends monthly care packages of baby goods to moms. We asked her how she struck the right balance as the company grew from 6 people to 20. Finley explained that her years as a manager at Netscape, eBay, and elsewhere taught her never to withhold bad news or hesitate to tell employees when and why their work wasn’t up to snuff—but to deliver such messages with empathy. When we interviewed Finley, she told us that one of her direct reports described her as a “compassionate hard-ass.” She laughed and said, “that’s me.”

²George L. Kelling and James Q. Wilson, “Broken windows: The police and neighborhood safety,” *the Atlantic*, March 1, 1982, theatlantic.com.

³Charles A. O’Reilly III and Barton A. Weitz, “Managing marginal employees: The use of warnings and dismissals,” *Administrative Science Quarterly*, 1980, Volume 25, Number 3, pp. 467–84.

Many employees who are prone to selfishness, nastiness, incompetence, cheating, and laziness change their ways after getting feedback and coaching or moving to a workplace where such behavior isn't tolerated. Stanford's Perry Klebahn is known for his mastery at coaching and turning around dysfunctional teams in the hands-on creativity classes for master's students and programs for visiting executives at the Hasso Plattner Institute of Design (which everyone calls "the Stanford d.school"). During several recent executive programs, he and his fellow coaches identified some bad apples who harmed their groups. So Klebahn put all of these destructive characters together "in the same barrel"—a new team. Then he moved it to a corner where they wouldn't infect others and recruited a no-nonsense coach to guide them.

This technique works. A couple of bad-apple teams have performed poorly, but a few others have produced "shockingly good" prototypes of new products and improved customer experiences. When a team filled with alpha types has a coach who can handle them, constructive dynamics often emerge. Although those big personalities may trample on less aggressive people, a "balance of power" emerges when you put a bunch of these overbearing types together. Such people, Klebahn observed, usually have lot of energy; the trick is getting them to channel it toward the design challenge rather than pushing around their teammates.

2. Plumbing before poetry

Stanford's James March distinguishes between leaders who are "poets" and "plumbers."⁴ Getting people to focus on small, mundane, and gritty details is effective for eliminating negativity. In March's lingo, you've got to fix the plumbing before you spout the poetry.

Consider the incredible mess that the Alameda Health System (AHS), in Oakland, California, experienced a decade ago.⁵ By 2005, it had

⁴Mie Augier, "James March on education, leadership, and Don Quixote: Introduction and interview," *Academy of Management Learning & Education*, 2004, Volume 3, Number 2, p. 169–77.

⁵Russ Mitchell, "The medical wonder: Meet the CEO who rebuilt a crumbling California hospital," *Fast Company*, May 2, 2011, fastcompany.com; and John Commins, "HL20: Wright L. Lassiter III—Getting better all the time," *HealthLeaders*, December 13, 2011, healthleadersmedia.com.

churned through ten CEOs in 11 years. AHS was losing \$1 million a month and had a deficit of more than \$50 million, partly because employees did a poor job collecting Medicare and MediCal payments. Working conditions were horrendous. A doctor was beaten and strangled by a patient—and left on the floor for half an hour before a janitor found him. Nurses defied doctors and supervisors. Employees' cars filled the garage, forcing patients to circle around to find parking spots.

New CEO Wright Lassiter III and new COO Bill Manns decided that so many things were broken at AHS that talking about values and strategy would backfire, so they repaired one broken part at a time. They started by launching a “grassroots money hunt,” which they now call “the foundation of our success.” Lassiter and Manns put 85 top managers into 12 “odd couple teams” including doctors, nurses, managers, and technicians. He asked the teams to find \$21 million by cutting costs and increasing revenues. Lassiter told them, “It’s up to you.” They came up with many good ideas; for example, they replaced a \$96.50 tool to test the umbilical-cord blood of newborns with a 29-cent solution that worked just as well—saving \$322,000 a year. They found new sources of revenue, too.

An especially tough problem was working with the union to get rid of terrible nurses. As a veteran physician told *Fast Company*, “I’d say, ‘Nurse, draw this man’s blood,’ and she’d say, ‘Why don’t you do it yourself?’” This doctor noted that most AHS colleagues were highly professional and “wanted those nurses gone.” Dozens of them were fired. Lassiter and Manns also worked with unions to free parking spots for patients, not only opening up spaces, but also creating a gateway experience in which employees embraced a mind-set Lassiter and Manns hoped to spread: putting patients’ needs first.

3. Adequacy before excellence

As we noted earlier, before you can spread something good, the first order of business is to drive out bad behavior. This may seem obvious, but as our colleague Jeffrey Pfeffer loves to say, great leaders and teams are masters of the obvious—a rare talent.

The Customer Contact Council of the Corporate Executive Board (CEB) found that many companies don't follow this path. When the firm surveyed 100 customer-service heads, 89 reported that "their main strategy is to exceed expectations." But CCC's surveys of more than 75,000 customers revealed that most aren't looking for over-the-top service. What drives them away—and hurts companies—is bad service: "They exact revenge on airlines that lose their bags, cable providers whose technicians keep them waiting, cellular companies whose reps put them on permanent hold, and dry cleaners who don't understand what 'rush order' means."

CEB researcher Matthew Dixon and his colleagues report that 25 percent of customers are likely to say something positive about a good customer-service experience, but 65 percent are likely to say something negative about a bad one. Similarly, 23 percent of customers who received good service told ten or more people, compared with 48 percent who experienced bad service. This research shows that making things easy for customers is crucial for maintaining their loyalty.⁶ Smart companies, for example, find ways to ensure that customers don't have to call back a second time to make purchases, set appointments, complete transactions, or resolve problems. One CEB client, an Australian telecommunications company, eliminated productivity metrics for reps who work the phones. It now evaluates them by interviewing customers and asking "if the service they received met their needs." Calls take slightly longer, but repeat calls have fallen by 58 percent.

4. Use the 'cool kids' (and adults) to define and squelch bad behavior

The people you recruit for a scaling effort have a big impact on its success. Recruit your organization's most admired and connected people, teach them what "bad" looks like, and encourage them to stop being perpetrators.

A senior executive from a large South American retail chain, for example, told us he was fed up with top-team members who used

⁶Matthew Dixon, Karen Freeman, and Nicholas Toman, "Stop trying to delight your customers," *Harvard Business Review*, 2010, Volume 88, Numbers 7–8, pp. 116–22.

their smartphones during meetings, despite his repeated requests to put them away. On several occasions, “those damn little screens” (his words) caused participants to miss important facts and to zone out when their wisdom was needed. So the executive pulled aside two of the most admired members of his team—two of the worst offenders—and asked them to keep their phones off and in their pockets during meetings and to help him encourage fellow team members to do the same. The two role models didn’t look at their phones during the next meeting and began pressing teammates to stop doing so. Now, when a team meeting starts, everyone powers off their phones and puts them away.

5. Kill the thrill

As Mark Twain said, “There is a charm about the forbidden that makes it unspeakably desirable.” One of our favorite examples of the thrill of bad behavior—and how to squelch it—comes from an intervention the University of Toronto’s Gary Latham helped to invent, implement, and study at a large sawmill.⁷ Hourly employees stole a million dollars’ worth of equipment a year, and management couldn’t figure out how to stop them. Although many workers disapproved of the stealing and didn’t do it themselves, peer pressure prevented them from reporting the thieves.

Latham’s interviews revealed that workers didn’t need most of what they stole; they stole because that was a source of prestige among peers. Because the thieves never sold this stuff, they argued heatedly about who should store it. Although workers weren’t afraid of management, they feared “the wrath of their spouses,” who complained that the loot was “clogging up their garages, basements, and attics.”

Eventually, with Latham’s help, managers decided to eliminate the thrill by letting employees check out equipment for personal use anytime they wished. The theft rate immediately dropped to virtually zero, though workers almost never checked out equipment. Bragging about stealing something that’s there for the taking doesn’t earn you prestige. And other kinds of bad behavior did not increase.

⁷Gary P. Latham, “The importance of understanding and changing employee outcome expectancies for gaining commitment to an organizational goal,” *Personnel Psychology*, 2001, Volume 54, Number 3, pp. 707–16.

6. Try time shifting: From current to future selves

You can sometimes break bad patterns by getting people to think about who they hope to be, not just who they are. Research from New York University’s Hal Hershfield and his colleagues shows that people are more prone to behave unethically when they are preoccupied with their present selves. But when they focus on the link between who they are now and who they want to be in the future, they behave more ethically and engage in other constructive long-term behavior, such as saving more money.⁸

Sometimes, encouraging employees to look to the future—time shifting—just requires finding ways to make the impact of negative actions more vivid to them, so they link short-term actions with long-term consequences. BG Group executives explained to us how they had tackled such a problem in India. In some cities, the company is the only energy supplier, and its employees were often contemptuous of customers. Managers hit upon an ingenious solution, organizing role-playing sessions where consumers behaved like rude frontline employees and employees took the consumers’ role. The employees got the point, and accountability took hold.

7. Focus on the best times, the worst times, and the end

Research by Nobel Prize winner Daniel Kahneman uncovered the “peak–end rule”: no matter how good or bad an experience is or how long it lasts, judgments about it are shaped most strongly by the best and worst moments and by how it ended.⁹

In a project at the Stanford d.school, for example, three of Sutton’s students followed and interviewed JetBlue passengers through their journeys in and out of two airports. For many, the worst part of flying was claiming baggage; they were anxious about when (and if)

⁸Taya R. Cohen, Hal E. Hershfield, and Leigh Thompson, “Short horizons and tempting situations: Lack of continuity to our future selves leads to unethical decision making and behavior,” *Organizational Behavior and Human Decision Processes*, 2012, Volume 117, Number 2, pp. 298–310.

⁹Daniel Kahneman et al., “When more pain is preferred to less: Adding a better end,” *Psychological Science*, 1993, Volume 4, Number 6, pp. 401–5.

their stuff would arrive—and surrounded by similarly tense people. The baggage-carousel experience was not only the worst part of an airplane trip but also happened at its end.

The students tested an “experience prototype” they called Blue Cares by going to the airport, hanging out in the baggage-claim area, and offering to help passengers. The students focused on those who looked most anxious or confused, because they were most in need of help and if their anxieties were calmed, negative emotions wouldn’t infect others. The positive responses the prototype generated from customers and JetBlue employees impressed company leaders, who redoubled their efforts to make the baggage-claim experience as smooth for passengers as possible, though adding this new role wasn’t economically feasible given the industry’s competitive pressures.

Postscript: Some warning signs

How can you recognize when bad behavior exists—or soon will? Here are four feelings to watch for; when pervasive, they signal trouble.

The first is fear of responsibility, especially the sense that it is safer to do nothing—or something bad—than the right thing. Silence is among the most reliable signs that people fear personal responsibility and that the learning and self-criticism needed for excellence aren’t happening.

In a study of drug-treatment errors in eight nursing units, Harvard’s Amy Edmondson demonstrated the stifling effects of such fears.¹⁰ At first, Edmondson was bewildered because her findings revealed that nurses in units with the best managers and coworker relationships reported making as many as ten times more mistakes than nurses in the worst units. She sent a researcher with no knowledge of these findings to spend two months doing interviews and observations in the eight units. Eventually, Edmondson realized that nurses in the worst ones reported fewer mistakes because they were afraid to admit making them. In the best units, nurses and

¹⁰Amy C. Edmondson, “Learning from mistakes is easier said than done: Group and organizational influences on the detection and correction of human error,” *Journal of Applied Behavioral Science*, 1996, Volume 32, Number 1, pp. 5–28; and Amy C. Edmondson and Anita L. Tucker, “Why hospitals don’t learn from failures: Organizational and psychological dynamics that inhibit system change,” *California Management Review*, 2003, Volume 45, Number 2, pp. 55–72.

managers expected everyone to report mistakes immediately and to discuss their root causes. When nurses learned how to avoid a mistake, they told their colleagues. In other words, silence isn't always golden; it often signals that people are afraid to speak the truth.

Feelings of injustice are the second warning sign. Numerous studies show that when people think they are getting a raw deal from their employer, bad behavior runs rampant. As Stanford d.school professor Michael Dearing told us, his experience as a senior executive (and, more recently, as a venture capitalist who financed more than 80 start-ups) taught him that “there is a difference between what you do and how you do it.” Whether you are doing something difficult (such as announcing pay cuts or demotions) or something pleasant (raises and promotions), employees work harder and more loyally if you explain your actions, talk about how changes will unfold, and treat people with dignity.

Helplessness is the third dangerous feeling. When people feel powerless to stop bad forces and events, they shirk responsibility. As psychologist Martin Seligman's classic research on learned helplessness demonstrates, even when people can actually escape from a bad situation easily or make it better for others, they sulk and suffer if they believe they cannot do anything to improve their lot.¹¹ Before Lassiter and Manns arrived at the Alameda Health System, for example, its employees had been in a downward spiral for so long that they felt it was impossible for them or anyone else to make meaningful improvements. That's why Lassiter and Manns were smart to skip the poetry and start the money hunt right away. The diverse and influential employees who joined the money hunt did more than just dig up more than \$20 million. They also demonstrated, to themselves and their colleagues, that they weren't helpless.

The final dangerous feeling is anonymity: the belief that no one is watching you closely, so you can do whatever you want. In the 1990s, Michael Dearing managed the original flagship department store of Filene's Basement. At the time, this century-old institution in downtown Boston was the city's second-most-popular tourist attraction (after Fenway Park); it finally closed its doors in 2007. His mentors taught him that when employees worked in brightly lit, open spaces,

¹¹Martin E. P. Seligman, *Helplessness: On Depression, Development, and Death*, first edition, San Francisco, CA: W. H. Freeman, 1975.

the amount of lost, damaged, or stolen merchandise fell and labor efficiency rose. An experiment by the University of Toronto's Chen-Bo Zhong and his colleagues bolsters Dearing's insight.¹² They found that people are less honest and more selfish when they work in darker rooms or wear sunglasses rather than clear glasses.

Accountability is difficult to sustain when employees see the people they serve as nameless and faceless. Making their humanity more vivid to employees increases accountability. In a study by Emory University's Srinivasan Tridandapani and his colleagues,¹³ for instance, ten licensed radiologists were asked to examine 20 pairs of chest X-rays. Each pair was supposed to be for the same patient at two different junctures in his or her life. Most were, but two to four pairs in each set were intentionally mismatched, so that the radiologists actually reviewed pictures of different patients. When they saw the first 200 images, they detected 12.5 percent of the mismatches. Each radiologist was then asked to review another batch of pairs of chest X-rays from different patients; as before, there were mismatches in each set. This time the patient's picture was attached to each pair of X-rays. The radiologists detected 64 percent of the mismatches.

This stark contrast is instructive for anyone bent on stamping out bad behavior and scaling up excellence: leaders and employees do the right thing when they focus, not on their own needs and wants, but on the people affected by their actions. ○

¹²Vanessa K. Bohns, Francesca Gino, and Chen-Bo Zhong, "Good lamps are the best police: Darkness increases dishonesty and self-interested behavior," *Psychological Science*, 2010, Volume 21, Number 3, pp. 311–14.

¹³Srinivasan Tridandapani et al., "Increasing rate of detection of wrong-patient radiographs: Use of photographs obtained at time of radiography," *American Journal of Roentgenology*, 2013, Volume 200, Number 4, pp. W345–W352; and Irith Hadas-Halpern, David Raveh, and Yehonatan N. Turner, "The effects of including a patient's photograph to the radiographic examination," paper presented at the 94th meeting of the Radiological Society of North America, 2008.

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